

## Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 INR-05 INRE-00 SSO-00 EB-03 L-01

SP-02 PRS-01 /031 W

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O 251750Z MAR 75

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC IMMEDIATE 2600

C O N F I D E N T I A L SECTION 1 OF 2 ABIDJAN 2505

STADIS////////////////////////////////////

LIMDIS

AF/W FOR LOUGHRAN FROM AMBASSADOR

E.O. 11652: KGDS

TAGS: BEXP, IV

SUBJECT: LANG AFRIQUE CONFLICT WITH SODESUCRE

1. LANG AFRIQUE/SODESUCRE CONFLICT OVER SETTLEMENT OF OUTSTANDING FINANCIAL CLAIMS HAS APPARENTLY REACHED A CRITICAL MASS STAGE. LANG/ISC REPS STEIN AND HOFKER SPENT THE LAST WEEK IN FUTILE EFFORT TO RESOLVE PROBLEMS. ACCORDING TO LOCAL LANG REP, SODESUCRE D.G. KIGBAFOR, NOT AT ALL RECEPTIVE TO LANG'S REQUESTS AND LANG/ISC NOW PLAN TO GO TO ARBITRATION IN GENEVA ON MANY OF OUTSTANDING ISSUES.

2. THIS ALONE IS DISTURBING. HOWEVER, THE CONJUNCTURE OF TWO ADDITIONAL ELEMENTS CAUSES ME EVEN GREATER CONCERN. MIN PLAN DIAWARA AND MIN AG SAWADOGO HAVE CONTACTED DAVID MORSE AND ASKED HIS GOOD OFFICES TO MEDIATE THE DISPUTE. DAVID HAS AGREED, SUBJECT TO DIAWARA/SAWADOGO LANG AND ISC APPROVAL OF HIS SPECIFIC PLAN, TO SEND OUT A "FACT-FINDER" WHO IS DUE HERE LATER THIS WEEK, TO COLLECT VIEWS FROM GOIC, SODESUCRE, LANG AND ISC; TO STUDY RESULTS  
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OF THAT MISSION; AND TO RECOMMEND SOLUTIONS; FAILING

AGREEMENT, PARTIES TO CONTRACT WOULD GO TO GENEVA ARBITRATION.

3. LANG AFRIQUE, WITH FULL KNOWLEDGE OF THE DIAWARA/SAWADOGO INITIATIVE, IS ATTEMPTING TO SPEED FORMAL SODESUCRE ACCEPTANCE OF THE COMPLETED PORTIONS OF THE FERKESSEDOUGOU SUGAR COMPLEX IN ORDER TO RECEIVE RETENTION MONIES. LANG EMPLOYEES AT THE FERKESSEDOUGOU SITE HAVE TODAY (MARCH 25) BEEN INSTRUCTED TO TURN OFF PORTIONS OF THE IRRIGATION SYSTEM ON A PARCEL BY PARCEL BASIS UNTIL ACCEPTANCE TESTING IS COMPLETED AND SODESUCRE HAS SIGNED FOR RECEIPT. SODESUCRE HAS BEEN SO ADVISED IN WRITING. THIS ACTION RISKS JEOPARDIZING THE MORSE/DIAWARA/SAWADOGO EFFORT TO SETTLE MORE GENERAL FINANCIAL PROBLEMS BETWEEN LANG AND SODESUCRE, AND COULD LEAD TO ACTION BY SODESUCRE TO PREVENT LANG PERSONNEL FROM WITHHOLDING PARTS OF THE IRRIGATION SYSTEM IN THE REMAINING CRITICAL WEEKS BEFORE THE RAINS.

4. FOR YOUR BACKGROUND:

A. PORTIONS OF THE IRRIGATION SYSTEM AND SUGAR REFINERY HAVE BEEN PUT IN SERVICE AS THEY HAVE BEEN COMPLETED TO PERMIT SODESUCRE TO PLANT AND PREPARE A CROP OF CANE FOR THE 1975-6 SEASON. THESE PORTIONS HAVE NEVER BEEN TESTED AND FORMALLY ACCEPTED BY SODESUCRE; THEREFORE, NO RETENTION MONIES HAVE BEEN PAID TO LANG.

B. LANG AND ISC OFFICIALS HAVE BEEN ATTEMPTING TO EXPEDITE PAYMENT OF SOME RETENTION MONIES THROUGH A SERIES OF SEPARATE MEETINGS WITH SODESUCRE DIRECTOR GENERAL KIGBAFORI AND PRESIDENT KACOU AOULO. IN LAST JOINT MEETING ON MARCH 21, BOTH KIGBAFORI AND KACOU REPORTEDLY TOOK HARD LINE OF REFUSAL TO DISCUSS RETENTION MONIES UNTIL ENTIRE INSTALLATION COMPLETE AND FINAL ACCEPTANCE EXECUTED.

C. LANG'S REACTION TO THE SODESUCRE POSITION IS A CONFIDENTIAL

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STRICT INTERPRETATION OF THE CONTRACT WHICH DOES NOT PERMIT USE OF COMPLETED FACILITIES UNTIL SODESUCRE'S FINAL ACCEPTANCE. TO IMPLEMENT THIS DECISION, LANG WILL BEGIN THE WITHHOLDING ACTION UNTIL SODESUCRE FINALLY ACCEPTS THEM, THEREBY INCURRING CONTRACTUAL OBLIGATION TO PAY PART OF RETENTION MONIES. THE CURRENT STAND OF SUGAR CANE WOULD LIKELY BE DAMAGED IF IRRIGATION WERE INTERRUPTED FOR A PROLONGED PERIOD.

D. IN INSTRUCTIONS TO LANG-FERKE PERSONNEL TO EXECUTE  
PARA C ABOVE, LANG-ABIDJAN HAS INSTRUCTED THAT THERE  
BE NO PHYSICAL VIOLENCE IN EVENT SODESUCRE DECIDES  
TO TAKE ACTION TO PREVENT LANG FROM "TURNING OFF THE  
WATER."

5. ON THE EVENING OF MARCH 24, I RELAYED ESSENTIAL  
POINTS OF THE SITUATION TO DAVID MORSE BY PHONE IN THE  
HOPE THAT HE COULD CONTACT KENNEALY OF ISC IN TIME TO  
CANCEL HARLAN STEIN'S DIRZCTIVE TO WITHHOLD THE  
IRRIGATION SYSTEM. AT AN EVENING RECEPTION I ALSO  
HAD THE OCCASION TO EXPRESS MY CONCERN ABOUT LANG/  
SODESUCRE DEBACLE TO MINISTER DIAWARA.

6. DURING THE NIGHT MARCH 24-25 LANG-ABIDJAN RECEIVED  
A CABLE FROM THEIR CORAL GABLES HEADQUARTERS TELLING  
THEM TO PROCEED WITH THE PLAN. WE ARE NOT YET  
AWARE OF SODESUCRE'S REACTION TO LANG'S MOVE.

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 INR-05 INRE-00 SSO-00 EB-03 L-01

SP-02 PRS-01 /031 W

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O 251750Z MAR 75

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC IMMEDIATE 2601

C O N F I D E N T I A L SECTION 2 OF 2 ABIDJAN 2505

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7. COMMENT: I FIND LANG'S BEHAVIOR ILL-ADVISED AND  
PARTICULARLY ILL-TIMED IN VIEW OF THE FACT THAT DIAWARA  
IS SEEKING AN AMICABLE SOLUTION TO THE ENTIRE PROBLEM  
WHICH FROM LANG'S PERSPECTIVE IS ON THE ORDER OF  
DOLLARS 8 MILLION. EVEN IF THE CURRENT STRATEGY

YIELDS THE PAYMENT OF SOME RETENTION MONIES,  
THERE WILL STILL REMAIN MANY OTHER POINTS OF  
CONTENTION TO BE RESOLVED IN A MUCH LESS FAVORABLE  
ATMOSPHERE. (TOTAL RETENTION MONIES ON THE  
IRRIGATION SYSTEM ARE ONLY DOLLARS 150,000). IO  
HOPE THAT DAVID MORSE WILL BE ABLE TO CONVINCE  
KENNEALY TO RESCIN THE "CUT THE WATER" ORDER  
UNTIL SUCH TIME AS MORSE'S SURROGATE HAS BEEN  
ABLE TO ASSESS THE SITUATION AND PRESENT  
RECOMMENDATIONS. THERE ARE, OF COURSE, A NUMBER  
OF UNANSWERED QUESTIONS: WHY DID DIAWARA/SAWADOGO  
PERMIT (OR WERE UNABLE TO PREVENT) THE HARD LINE  
SODESUCRE STANCE? WHY DID LANG GO AHEAD WITH  
ITS PRECIPITOUS ACTION KNOWING OF THE DIAWARA/  
SAWADOGO MEDIATION EFFORTS? WE SHALL OF COURSE  
FOLLOW THE MATTER CLOSELY AND KEEP YOU INFORMED.  
FOR THE PRESENT, HOWEVER, I SEE LITTLE THAT THE  
DEPARTMENT CAN DO AND RECOMMEND A SIT TIGHT  
ATTITUDE WHILE WE WATCH DEVELOPMENTS AT THIS END. SMITH  
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